

Financial Statements of

**BRITISH COLUMBIA EMERGENCY  
HEALTH SERVICES CORPORATION**

Year ended March 31, 2014



June 26, 2014

## **Independent Auditor's Report**

### **To the Board of British Columbia Emergency Health Services Corporation**

We have audited the accompanying financial statements of British Columbia Emergency Health Services Corporation, which comprise the statements of financial position as at March 31, 2014 and March 31, 2013 and the statements of operations and accumulated deficit, changes in net debt and cash flows for the years ended March 31, 2014 and March 31, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of these financial statements in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP*

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### **Opinion**

In our opinion, the financial statements which comprise the statements of financial position as at March 31, 2014 and March 31, 2013 and the statements of operations and accumulated deficit, changes in net debt and cash flows for the years ended March 31, 2014 and March 31, 2013, and the related notes, are prepared, in all material respects, in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

### **Emphasis of matter**

Without modifying our opinion, we draw your attention to note 1 to the financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards. Note 13 to the financial statements discloses the impact of these differences.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Statement of Financial Position  
(Amounts expressed in thousands of dollars)

As at March 31, 2014

	2014	2013
<b>Financial assets</b>		
Cash and cash equivalents	\$ 1,040	\$ 1,684
Accounts receivable (note 2)	36,434	51,678
	37,474	53,362
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 3)	36,770	51,056
Asset retirement obligations (note 4)	143	-
Retirement allowance (note 5(a))	3,183	3,087
Deferred capital contributions (note 6)	53,260	46,515
	93,356	100,658
<b>Net debt</b>	\$ (55,882)	\$ (47,296)
<b>Non-financial assets</b>		
Tangible capital assets (note 7)	\$ 54,595	\$ 46,287
Prepaid expenses	1,060	630
	55,655	46,917
<b>Accumulated deficit</b>	\$ (227)	\$ (379)

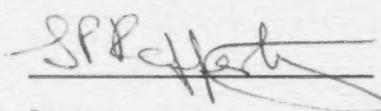
Commitments and contingencies (note 8)

See accompanying notes to financial statements.

Approved on behalf of the Corporation:



Director and Chair of the Board



Director

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Statement of Operations and Accumulated Deficit  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

	2014 Budget (note1(k))	2014	2013
<b>Revenues:</b>			
Provincial Health Services Authority contributions	\$ 312,842	\$ 341,110	\$ 331,648
Recoveries from other health authorities and BC government reporting entities	21,529	23,112	24,354
Amortization of deferred capital contributions (note 6)	9,834	11,499	10,774
Other (note 9(a))	2,767	4,202	3,607
<u>Other contributions</u>	<u>11,235</u>	<u>5</u>	<u>-</u>
	<b>358,207</b>	<b>379,928</b>	<b>370,383</b>
<b>Expenses (note 9(b)):</b>			
Acute	327,300	346,536	327,240
Corporate	20,327	22,367	32,639
Community care	10,580	10,873	10,390
	<b>358,207</b>	<b>379,776</b>	<b>370,269</b>
<u>Annual surplus</u>	<u>\$ -</u>	<u>\$ 152</u>	<u>\$ 114</u>
Accumulated deficit, beginning of year	(379)	(379)	(493)
<u>Accumulated deficit, end of year</u>	<u>\$ (379)</u>	<u>\$ (227)</u>	<u>\$ (379)</u>

See accompanying notes to financial statements.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Statement of Changes in Net Debt  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

	2014 Budget (note 1(k))	2014	2013
Annual surplus	\$ -	\$ 152	\$ 114
Acquisition of tangible capital assets	(8,000)	(17,280)	(20,000)
Asset retirement obligations	-	(143)	-
Amortization of tangible capital assets	9,854	11,520	10,874
Fair value of contributed assets	-	(2,405)	-
	1,854	(8,156)	(9,012)
Acquisition of prepaid expenses	-	(17,955)	(3,267)
Use of prepaid expenses	-	17,525	2,871
	-	(430)	(396)
Decrease (increase) in net debt	1,854	(8,586)	(9,408)
Net debt, beginning of year	(47,296)	(47,296)	(37,888)
Net debt, end of year	\$ (45,442)	\$ (55,882)	\$ (47,296)

See accompanying notes to financial statements.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

## Statement of Cash Flows

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

	2014	2013
<b>Cash flows from (used in) operating activities:</b>		
Annual surplus	\$ 152	\$ 114
<b>Items not involving cash:</b>		
Amortization of deferred capital contributions	(11,499)	(10,774)
Amortization of tangible capital assets	11,520	10,874
Fair value of transferred land	(366)	-
Retirement allowance expense	340	281
Interest expense	-	5
	147	500
<b>Net change in non-cash operating items (note 10(a))</b>	<b>528</b>	<b>(4,028)</b>
<b>Net change in cash from operating activities</b>	<b>675</b>	<b>(3,528)</b>
<b>Capital activities:</b>		
Acquisition of tangible capital assets (note 10(b))	(17,280)	(20,000)
<b>Net change in cash from capital activities</b>	<b>(17,280)</b>	<b>(20,000)</b>
<b>Financing activities:</b>		
Retirement allowance benefits paid	(244)	(165)
Capital contributions	16,205	20,057
<b>Net change in cash from financing activities</b>	<b>15,961</b>	<b>19,892</b>
Decrease in cash and cash equivalents	(644)	(3,636)
Cash and cash equivalents, beginning of year	1,684	5,320
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,040</b>	<b>\$ 1,684</b>

Supplementary cash flow information (note 10)

See accompanying notes to financial statements.

# **BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION**

Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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The British Columbia Emergency Health Services Corporation (the "Corporation"), formerly the Emergency and Health Services Commission ("EHSC") was established as a Corporation on April 1, 2013 by Bill 7 – 2013, *Emergency and Health Services Amendment Act, 2013*.

The Corporation is a member of the Provincial Health Services Authority ("PHSA" or the "Authority") which was created under the *Society Act of British Columbia* on December 12, 2001 with a Board of Directors appointed by the Ministry of Health (the "Ministry") and is one of six health authorities in British Columbia ("BC"). Effective April 1, 2011, the financial operations of the EHSC were transferred to the Authority to align BC's pre-hospital services with the health care system.

The Corporation is dependent on the Ministry to provide sufficient funds to continue operations, replace essential equipment and complete its capital projects. The Corporation is a not-for-profit organization under the *Income Tax Act* and, as such, is exempt from income and capital taxes.

The following agencies/programs (collectively referred to as "Agencies") are also included in PHSA:

- British Columbia Cancer Agency Branch;
- British Columbia Centre for Disease Control and Prevention Society Branch;
- British Columbia Mental Health Society (Riverview) Branch;
- British Columbia Provincial Renal Agency;
- British Columbia Transplant Society Branch;
- Cardiac Services British Columbia;
- Children's & Women's Health Centre of British Columbia Branch;
- Forensic Psychiatric Services Commission; and
- Health Shared Services BC.

Effective December 31, 2001, the above-noted branch societies except for Health Shared Services BC and the Corporation were amalgamated with, and continue the operations of, their respective former societies under bylaws and constitutions consistent with the PHSA. The amalgamated Branch is considered a continuation of the former Branch for financial reporting purposes.

The Corporation has a mandate of providing provincial ambulance and emergency health services. The Corporation oversees BC Ambulance Service, the BC Patient Transfer Network and Trauma Services BC.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 1. Significant accounting policies:

### (a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of BC supplemented by Regulations 257/2010 and 198/2011 issued by the Province of BC Treasury Board, referred to as the financial reporting framework (the "framework").

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards ("PSAS") issued by the Public Sector Accounting Board ("PSAB") without any PS 4200 series.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions, and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal periods during which the tangible capital asset is used to provide services. If the depreciable tangible capital asset funded by a deferred contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.
- (ii) Contributions externally restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred operating contributions or deferred research and designated contributions, and recognized in revenue in the year in which the stipulation or restriction on the contributions has been met by the Corporation.

For BC tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410, *Government Transfers*;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified, in accordance with PS 3100, *Restricted Assets and Revenues*; and
- deferred contributions meet liability criteria in accordance with PS 3200, *Liabilities*.

As a result, revenue recognized in the statement of operations and certain deferred capital contributions would be recorded differently under PSAS. The impact of accounting for restricted contributions in accordance with Regulation 198/2011 is disclosed in note 13.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

### (c) Accounts receivable:

Accounts receivable are recorded at amortized cost less an amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and the net recoverable value when risk of loss exists. Changes in valuation allowance are recognized in the statement of operations.

### (d) Asset retirement obligations:

The Corporation recognizes an asset retirement obligation in the period in which it incurs a legal or construction obligation associated with the retirement of a tangible capital asset, including leasehold improvements resulting from the acquisition, construction, development, and/or normal use of the asset.

The obligation is measured at the best estimate of the future cash flows required to settle the liability, discounted at estimated credit-adjusted risk-free discount rates. The estimated amount of the asset retirement cost is capitalized as part of the carrying value of the related tangible capital asset and is amortized over the life of the asset.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (d) Asset retirement obligations (continued):

The liability is accreted to reflect the passage of time. At each reporting date, the Corporation reviews its asset retirement obligations to reflect current best estimates. Asset retirement obligations are adjusted for changes in factors such as the amount or timing of the expected underlying cash flows, or discount rates, with the offsetting amount recorded to the carrying amount of the related asset.

### (e) Employee benefits:

#### (i) Defined benefit obligations, including multiple employer benefit plans:

Liabilities, net of plan assets, are recorded for employee retirement allowance benefits as employees render services to earn the benefits.

The actuarial determination of the accrued benefit obligations uses the projected benefit method prorated on service which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. Plan assets are measured at fair value.

The cumulative unrecognized actuarial gains and losses on retirement allowance benefits are amortized over the expected average remaining service period of active employees covered under the plan. The expected average remaining service period of the active covered employees entitled to retirement allowance benefits is 10 years (2013 - 10 years). Actuarial gains and losses on event-driven benefits such as long-term disability benefits are recognized immediately.

The discount rate used to measure the obligations is based on the Province of BC's cost of borrowing if there are no plan assets. Where there are plan assets, the discount rate is the rate of return on plan assets. The cost of a plan amendment or the crediting of past service is accounted for entirely in the year that the plan change is implemented.

#### (ii) Defined contribution plans and multi-employer benefit plans:

Defined contribution plan accounting is applied to multi-employer defined benefit plans and, accordingly, contributions are expensed when they become payable.

#### (iii) Accumulating, non-vesting benefit plans:

Benefits that accrue to employees, which do not vest, such as sick leave banks for certain employee groups, are accrued as the employees render services to earn the benefits, based on estimates of the expected future settlements.

#### (iv) Non-accumulating, non-vesting benefit plans:

For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Corporation to pay benefits occurs.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (f) Non-financial assets:

#### (i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset and overhead directly attributable to construction and development. Interest is capitalized over the development period whenever external debt is issued to finance the construction and development of tangible capital assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Basis
Buildings	15 – 50 years
Equipment	3 – 20 years
Information systems	3 – 5 years
Leasehold improvements	Lease term to a maximum of 20 years
Vehicles	4 – 7 years

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Assets under construction or development are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The write-downs of tangible capital assets are recorded in the statement of operations. Write-downs are not subsequently reversed.

Contributed tangible capital assets are recorded at their fair value on the date of contribution. Such fair value becomes the cost of the contributed asset. When fair value of a contributed asset cannot be reliably determined, the asset is recorded at nominal value.

#### (ii) Prepaid expenses:

Prepaid expenses are recorded at cost and amortized over the period during which the service benefits are received.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (g) Revenue recognition:

Under the *Hospital Insurance Act and Regulation* thereto, the Corporation is funded primarily by the Province of BC in accordance with budget management plans and performance agreements established and approved by the Ministry.

Revenues are recognized on an accrual basis in the period in which the transactions or events occurred that gave rise to the revenues, the amounts are considered to be collectible and can be reasonably estimated.

Revenues related to fees or services received in advance of the fees being earned or the services being performed are deferred and recognized when the fees are earned or services are performed.

Unrestricted contributions are recognized as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as described in note 1(a).

Volunteers contribute a significant amount of their time each year to assist the Corporation in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Contributions of assets, supplies and services that would otherwise have been purchased are recorded at fair value at the date of contribution, provided a fair value can be reasonably determined.

Contributions for the acquisition of land, or contributions of land, are recorded as revenue in the period of acquisition or transfer of title.

### (h) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Significant areas requiring the use of estimates include the valuation of accounts receivable, the estimated useful lives of tangible capital assets, amounts to settle asset retirement obligations, contingent liabilities and the future costs to settle employee benefit obligations.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates.

# **BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION**

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## **1. Significant accounting policies (continued):**

### **(i) Foreign currency translation:**

The Corporation's functional currency is the Canadian dollar. The Corporation does not have significant transactions denominated in foreign currencies.

### **(j) Financial instruments:**

Financial instrument classification is determined upon inception and financial instruments are not reclassified into another measurement category for the duration of the period they are held.

Financial assets and financial liabilities, other than derivatives, equity instruments quoted in an active market and financial instruments designated at fair value, are measured at cost or amortized cost upon their inception and subsequent to initial recognition. Cash and cash equivalents are measured at cost. Accounts receivable are recorded at cost less any amount for valuation allowance. All other financial liabilities are recorded using cost or amortized cost.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs for financial instruments measured using cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs for financial instruments measured at fair value are expensed when incurred.

A financial liability or its part is derecognized when it is extinguished.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself. Contracts to buy or sell non-financial items for the Corporation's normal purchase, sale or usage requirements are not recognized as financial assets or financial liabilities.

### **(k) Budget figures:**

Budget figures have been provided for comparative purposes and have been derived from the Corporation's Fiscal 2013/2014 Budget approved by the Board of Directors on August 21, 2013. The budget is reflected in the statement of operations and accumulated deficit and the statement of changes in net debt.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 2. Accounts receivable:

	2014	2013
Provincial Health Services Authority	\$ 30,529	\$ 41,694
Other health authorities and BC government reporting entities	7,463	7,544
Federal government	1,172	3,243
Ministry of Health	47	70
Other	670	409
	39,881	52,960
Allowance for doubtful accounts	(3,447)	(1,282)
	\$ 36,434	\$ 51,678

## 3. Accounts payable and accrued liabilities:

	2014	2013
Trade accounts payable and accrued liabilities	\$ 15,864	\$ 32,064
Salaries and benefits payable	15,504	14,224
Accrued vacation pay	5,402	4,768
	\$ 36,770	\$ 51,056

## 4. Asset retirement obligations:

	2014	2013
Asset retirement obligations, beginning of year	\$ -	\$ -
New obligations	143	-
Asset retirement obligations, end of year	\$ 143	\$ -

The Corporation has accrued asset retirement obligations representing the estimated cost to settle obligations related to leased premises at future dates. The settlement of these obligations will occur at the expiry of the leases.

The value of the obligations is management's best estimate of the obligations, determined by discounting the estimated cash outflows of \$149 over the term to expected settlement, at a credit-adjusted risk-free rate of 1.50%. Estimated future cash flows are adjusted for an inflation factor of 2.00%.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 4. Asset retirement obligations (continued):

The asset retirement obligations have been capitalized as part of related tangible capital assets. The asset retirement obligations capitalized in respect of leasehold improvements are amortized over the term until settlements are completed.

## 5. Employee benefits:

### (a) Retirement allowance:

Certain employees with ten or more years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective or employee agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

The Corporation's liabilities are based on an actuarial valuation as at the early measurement date of December 31, 2012 and extrapolated to March 31, 2014 from which the service cost and interest cost components of expense for the fiscal year ended March 31, 2014 are derived. The next expected valuation will be as of December 31, 2015.

Information about retirement allowance benefits is as follows:

	2014	2013
Accrued benefit obligation:		
Severance benefits	\$ 2,442	\$ 2,277
Sick leave benefits	493	437
	2,935	2,714
Unamortized actuarial gain	248	373
Accrued benefit obligation	<u>\$ 3,183</u>	<u>\$ 3,087</u>

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 5. Employee benefits (continued):

### (a) Retirement allowance (continued):

The accrued benefit obligation for retirement allowance reported on the statement of financial position is as follows:

	2014	2013
Accrued benefit obligation, beginning of year	\$ 3,087	\$ 2,971
Net benefit expense:		
Current service cost	191	181
Interest expense	123	122
Amortization of actuarial gain	(40)	(22)
Net benefit expense	274	281
Benefits paid	(244)	(165)
Transfer of employees from other Agencies	66	-
Accrued benefit obligation, end of year	\$ 3,183	\$ 3,087

The significant actuarial assumptions adopted in measuring the Corporation's accrued retirement benefit obligation are as follows:

	2014	2013
Accrued benefit obligation as at March 31:		
Discount rate	4.26%	4.41%
Rate of compensation increase	2.50%	2.50%
Benefit costs for years ended March 31:		
Discount rate	4.41%	4.44%
Rate of compensation increase	2.50%	2.50%
Expected future inflationary increases	2.00%	2.00%

### (b) Employee pension benefits:

The Corporation and its employees contribute to the Municipal Pension Plan and the Public Service Pension Plan, multi-employer defined benefit pension plans governed by the *BC Public Sector Pension Plans Act*, and to the Ambulance Paramedics of British Columbia – C.U.P.E. Local 873 Supplemental Pension Plan.

# **BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION**

Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## **5. Employee benefits (continued):**

### **(b) Employee pension benefits (continued):**

Employer contributions to the Municipal Pension Plan of \$909 (2013 – \$693) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2012 indicated an unfunded liability of approximately \$1,370,000. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 179,000 active members, of which approximately 160 are employees of the Corporation (2013 – 160). The next expected valuation will be as of December 31, 2015.

Employer contributions to the Public Service Pension Plan of \$15,618 (2013 – \$14,949) were expensed during the year. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at March 31, 2011 indicated an unfunded liability of approximately \$226,000. The actuary does not attribute portions of the unfunded liability to individual employers. The plan covers approximately 56,000 active members, of which approximately 3,400 are employees of the Authority (2013 – 3,300). The next actuarial valuation will be as of March 31, 2014. The results of this valuation are not yet available.

The Ambulance Paramedics of British Columbia – C.U.P.E. Local 873 Supplemental Pension Plan is a single employer defined contribution plan. Employer contributions to the Ambulance Paramedics of British Columbia – C.U.P.E. Local 873 Supplemental Pension Plan of \$2,753 were expensed during the year (2013 – \$2,646). As at March 31, 2014, the plan covered approximately 1,400 active members, all of which are employees of the Corporation.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

## 6. Deferred capital contributions:

Deferred capital contributions represent externally restricted contributions and other funding received for the purchase of tangible capital assets.

	2014	2013
Deferred capital contributions, beginning of year	\$ 46,515	\$ 37,232
Capital contributions received:		
Ministry of Health	15,949	19,933
Other	2,295	124
	18,244	20,057
Amortization for the year	(11,499)	(10,774)
Deferred capital contributions, end of year	\$ 53,260	\$ 46,515

Deferred capital contributions comprise the following:

	2014	2013
Contributions used to purchase tangible capital assets	\$ 53,078	\$ 46,267
Unspent contributions	182	248
	\$ 53,260	\$ 46,515

## 7. Tangible capital assets:

Cost	2013	Additions	Disposals	Transfers	2014
Land	\$ -	\$ 1,375	\$ -	\$ -	\$ 1,375
Buildings	1,274	4,059	-	604	5,937
Equipment	12,337	550	(91)	1,059	13,855
Information systems	9,829	1,360	-	61	11,250
Leasehold improvements	3,504	997	-	9,410	13,911
Vehicles	71,859	7,974	(8,714)	-	71,119
Construction in progress	9,984	2,519	-	(10,640)	1,863
Equipment and information systems in progress	2,361	994	-	(494)	2,861
<b>Total</b>	<b>\$ 111,148</b>	<b>\$ 19,828</b>	<b>\$ (8,805)</b>	<b>\$ -</b>	<b>\$ 122,171</b>

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

## 7. Tangible capital assets (continued):

Accumulated amortization	2013	Amortization	Disposals	2014
Buildings	\$ 54	\$ 374	\$ -	\$ 428
Equipment	9,856	1,159	(91)	10,924
Information systems	9,116	898	-	10,014
Leasehold improvements	2,354	1,633	-	3,987
Vehicles	43,481	7,456	(8,714)	42,223
<b>Total</b>	<b>\$ 64,861</b>	<b>\$ 11,520</b>	<b>\$ (8,805)</b>	<b>\$ 67,576</b>

Cost	2012	Additions	Disposals	Transfers	2013
Buildings	\$ 798	\$ 2	\$ -	\$ 474	\$ 1,274
Equipment	12,059	388	(110)	-	12,337
Information systems	9,829	-	-	-	9,829
Leasehold improvements	3,191	6	-	307	3,504
Vehicles	63,776	10,526	(2,443)	-	71,859
Construction in progress	3,317	7,448	-	(781)	9,984
Equipment and information systems in progress	731	1,630	-	-	2,361
<b>Total</b>	<b>\$ 93,701</b>	<b>\$ 20,000</b>	<b>\$ (2,553)</b>	<b>\$ -</b>	<b>\$ 111,148</b>

Accumulated amortization	2012	Amortization	Disposals	2013
Building	\$ 15	\$ 39	\$ -	\$ 54
Equipment	8,626	1,340	(110)	9,856
Information systems	7,299	1,817	-	9,116
Leasehold improvements	1,893	461	-	2,354
Vehicles	38,707	7,217	(2,443)	43,481
<b>Total</b>	<b>\$ 56,540</b>	<b>\$ 10,874</b>	<b>\$ (2,553)</b>	<b>\$ 64,861</b>

# BRITISH COLUMBIA EMERGENCY / HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

## 7. Tangible capital assets (continued):

Net book value	2014	2013
Land	\$ 1,375	\$ -
Buildings	5,509	1,220
Equipment	2,931	2,481
Information systems	1,236	713
Leasehold improvements	9,924	1,150
Vehicles	28,896	28,378
Construction in progress	1,863	9,984
Equipment and information systems in progress	2,861	2,361
<b>Total</b>	<b>\$ 54,595</b>	<b>\$ 46,287</b>

Tangible capital assets are funded as follows:

	2014	2013
Deferred capital contributions	\$ 53,078	\$ 46,267
Internally funded	1,517	20
<b>Tangible capital assets</b>	<b>\$ 54,595</b>	<b>\$ 46,287</b>

## 8. Commitments and contingencies:

### (a) Construction in progress:

As at March 31, 2014, the Corporation had outstanding commitments for construction in progress of \$10,583 (2013 - \$nil).

### (b) Contractual obligations:

The Corporation has entered into various contracts for services within the normal course of operations. The estimated contractual obligations under these contracts are as follows:

	Contract term	2015
Air transportation	2011-2015	\$ 12,561
Ambulance fleet	2013-2015	4,773
Other	2013-2015	219
		\$ 17,553

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 8. Commitments and contingencies (continued):

### (c) Operating leases:

The aggregate minimum future annual rentals under operating leases are as follows:

2015	\$ 7,859
2016	5,513
2017	2,119
2018	1,462
2019	1,250
Thereafter	10,647
	<hr/>
	\$ 28,850

### (d) Litigation and claims:

Risk management and insurance services for all health authorities in BC are provided by the Risk Management and Government Security Branch of the Ministry of Finance.

The nature of the Corporation's activities is such that there is litigation pending or in progress at any time. With respect to unsettled claims at March 31, 2014, management is of the opinion that the Corporation has valid defenses and appropriate insurance coverage in place, or if there is unfunded risk, such claims are not expected to have a material effect on the Corporation's financial position. Outstanding contingencies are reviewed on an ongoing basis and are provided for based on management's best estimate of the ultimate settlement.

## 9. Statement of operations:

### (a) Other revenues:

	2014	2013
Recoveries from sales of goods and services	\$ 2,737	\$ 2,627
Other	1,465	980
	<hr/>	
	\$ 4,202	\$ 3,607

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

## 9. Statement of operations (continued):

(b) The following is a summary of expenses by object:

	2014	2013
<b>Compensation:</b>		
Compensation	\$ 193,101	\$ 192,093
Employee benefits	50,208	49,017
	<u>243,309</u>	<u>241,110</u>
<b>Equipment and building services:</b>		
Equipment	59,362	56,038
Rent	16,900	13,527
Building and grounds service contracts	2,193	5,133
Plant operations (utilities)	18	13
	<u>78,473</u>	<u>74,711</u>
<b>Supplies:</b>		
Medical and surgical	6,120	3,934
Laundry and linen	1,410	1,319
Drugs and medical gases	1,331	1,299
Printing, stationery and office	508	488
Housekeeping	332	286
Other	6,663	6,582
	<u>16,364</u>	<u>13,908</u>
<b>Sundry:</b>		
Professional fees	5,698	5,262
Communication and data processing	3,184	2,803
Travel	2,428	2,623
Other	4,863	4,382
	<u>16,173</u>	<u>15,070</u>
<b>Referred-out and contracted services:</b>		
Other health authorities and BC government reporting entities	10,149	10,416
Health and support services providers	3,788	4,175
	<u>13,937</u>	<u>14,591</u>
<b>Amortization of tangible capital assets</b>	<b>11,520</b>	<b>10,874</b>
<b>Interest expense</b>	<b>-</b>	<b>5</b>
	<b>\$ 379,776</b>	<b>\$ 370,269</b>

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 10. Supplementary cash flow information:

### (a) Net change in non-cash operating items:

	2014	2013
Accounts receivable	\$ 15,244	\$ (21,729)
Accounts payable and accrued liabilities	(14,286)	18,097
Prepaid expenses	(430)	(396)
	\$ 528	\$ (4,028)

### (b) Acquisition of tangible capital assets:

Assets purchased or acquired through debt or other non-cash transactions are excluded from acquisition of tangible capital assets on the statement of cash flows.

	2014	2013
Additions to asset retirement obligations (note 4)	\$ 143	\$ -
Contributed tangible capital assets	2,405	-
	\$ 2,548	\$ -

## 11. Related parties:

Related party transactions with PHSA and members:

Certain administrative, finance and accounting, and human resource services are provided to the Corporation by PHSA without charge. The costs of these services have not been recorded in the financial statements of the Corporation.

During the year, the Corporation was involved in the following related party transactions with other PHSA members:

For the year ended March 31, 2014, expenses include \$1,558 (2013 – \$1,683) resulting from transactions with other PHSA members.

The above amounts exclude transactions with PHSA which are disclosed elsewhere in these financial statements.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

## Notes to Financial Statements

(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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### 12. Risk management:

The Corporation is exposed to credit risk and liquidity risk from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Corporation's financial instruments is provided below by type of risk.

#### (a) Credit risk:

Credit risk primarily arises from the Corporation's cash and cash equivalents and accounts receivable. The risk exposure is limited to their varying amounts at the date of the statement of financial position.

The Corporation manages credit risk by holding balances of cash and cash equivalents with reputable top rated financial institution. The Corporation periodically reviews its investments and is satisfied with the credit rating of the financial institution.

Accounts receivable primarily consist of amounts receivable from the Ministry, other health authorities and BC government reporting entities, patients, clients and agencies, hospital foundations and auxiliaries, grantors etc. To reduce the risk, the Corporation periodically reviews the collectibility of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. As at March 31, 2014, the amount of allowance for doubtful accounts was \$3,447 (2013 – \$1,282).

The Corporation is not exposed to significant credit risk with respect to the amounts receivable from the Ministry, PHSA, other health authorities and BC government reporting entities. At March 31, the following accounts receivable were past due but not impaired:

	2014	2013
30 days	\$ 35	\$ 543
60 days	-	601
90 days	1	228
Over 120 days	-	205

#### (b) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. It is the Corporation's intention to meet its financial obligations through the collection of current accounts receivable, cash on hand and future funding from the Ministry.

# BRITISH COLUMBIA EMERGENCY HEALTH SERVICES CORPORATION

Notes to Financial Statements  
(Amounts expressed in thousands of dollars)

Year ended March 31, 2014

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## 12. Risk management (continued):

### (b) Liquidity risk (continued):

The Corporation's principal source of funding is from the Ministry. The Corporation is not subject to debt covenants or any other capital requirements with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined in the funding letter or grant documentation. The Corporation has complied with the external restrictions on the funding provided.

All financial assets and liabilities of the Corporation have maturities within one year.

## 13. Impact of accounting for restricted contributions in accordance with Restricted Contributions Regulation 198/2011:

As disclosed in the significant accounting policies note 1(a), Regulation 198/2011 requires the Corporation to recognize revenue from restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset on the same basis as the related amortization expense of the tangible capital asset. As these transfers do not contain stipulations or restrictions creating a liability over the term of the expected useful life of a related tangible capital asset, PSAS would require these contributions to be recognized in revenue as a tangible capital asset is acquired or development and construction of a tangible capital asset is complete.

The impact of the departure from PSAS on the financial statements of the Corporation is as follows:

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As at March 31, 2012		
Increase in accumulated surplus	\$	37,041
Decrease in deferred capital contributions		(37,041)
For the year ended March 31, 2013		
Increase in annual surplus		9,226
As at March 31, 2013		
Increase in accumulated surplus		46,267
Decrease in deferred capital contributions		(46,267)
For the year ended March 31, 2014		
Increase in annual surplus		6,811
As at March 31, 2014		
Increase in accumulated surplus		53,078
Decrease in deferred capital contributions		(53,078)

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